

HARRISON COUNTY LANDFILL COMMISSION

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2021

Harrison County Landfill Commission

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Harrison County Landfill Commission

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Sherman Struble	Executive Board - Chairman	City of Missouri Valley
Mike Anderson	Executive Board -Vice Chairman	City of Dunlap
Tony Smith	Executive Board - Treasurer-Secretary	Harrison County
Dave Weigelt	Executive Board - At Large	City of Magnolia
Rick O'Neill	Executive Board - At Large	City of Logan
Laura Hartman	Executive Board - At Large	City of Little Sioux
Karen Breyfogle	Board Member	City of Mondamin
Daryle Cleaver	Board Member	City of Woodbine
James Cox	Board Member	City of Modale
B.J. Pauley	Board Member	City of Persia
Ronny Woodward	Board Member	City of Pisgah
Dan Barry	Manager-Resigned August, 2020	
Tyler Hinkel	Manager-Appointed August, 2020	

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Harrison County
Landfill Commission

Report on the Financial Statements

We have audited the accompanying financial statements of Harrison County Landfill Commission (a 28E Organization) which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Members of the Harrison County
Landfill Commission

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Harrison County Landfill Commission as of June 30, 2021, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions on pages 4 through 4d and pages 25 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 23, 2021 on our consideration of Harrison County Landfill Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Harrison County Landfill Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Harrison County Landfill Commission's internal control over financial reporting and compliance.

Ormel Wald, Ben, Kynan & G.P.C.

Atlantic, Iowa
November 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Harrison County Landfill Commission (Commission) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Commission's operating revenues increased 16.2%, or \$183,122 from fiscal year 2020 to fiscal year 2021. City and County assessments increased \$94. Tipping fees increased \$40,929.
- The Commission's operating expenses decreased 17.8% or \$203,757, from fiscal year 2020 to fiscal year 2021.
- The Commission's net position increased 17.4% or \$369,768 from fiscal year 2020 to fiscal year 2021.

USING THIS ANNUAL REPORT

The Harrison County Landfill Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to Harrison County Landfill Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Position presents information on the Commission's assets and deferred outflows of resources less the Commission's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenues and expenses, nonoperating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Commission's proportionate share of the net pension liability and related contributions.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Position

Net position may serve over time as a useful indicator of the Commission's financial position. A summary of the Commission's net position at June 30, 2021 is presented below.

Current assets	\$ 1,249,677
Restricted assets	1,593,988
Capital assets at cost, less accumulated depreciation	<u>3,169,025</u>
Total assets	6,012,690
Deferred outflows of resources	55,018
Current liabilities	166,732
Noncurrent liabilities	<u>3,398,322</u>
Total liabilities	3,565,054
Deferred inflows of resources	6,053
Net position:	
Net investment in capital assets	2,223,789
Restricted for:	
Tonnage fees retained	37,582
Closure and postclosure care	(725,367)
Unrestricted	<u>960,597</u>
Total net position	<u>\$ 2,496,601</u>

The unrestricted portion of the Commission's net position may be used to meet the Commission's obligations as they come due. The investment in capital assets (e.g., land, buildings and equipment), less the related debt portion of net position are resources allocated to capital assets. The remaining net position is restricted for tonnage fees due to the State of Iowa, and closure and postclosure care. State and Federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for tipping fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses are for interest income and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the year ended June 30, 2021 is presented below:

Operating Revenues	
Tipping fees	\$ 792,369
County and City assessments	373,275
Other	<u>147,245</u>
Total operating revenues	<u>1,312,889</u>
Operating Expenses	
Payroll expenses	319,023
Employee benefits	58,374
Machinery maintenance, labor and parts	49,093
Oil and gas	42,234
Long range planning and engineering services	12,368
Site maintenance	23,037
Site utilities	10,254
Supplies	4,125
Office expenses	3,958
Meetings, travel and training	1,989
Legal and accounting	10,360
Insurance	28,622
Closure and postclosure costs	(143,086)
Recycling expenses	2,956
Tonnage fee	11,212
Iowa Department of Natural Resources tonnage fees	37,197
Water test samples	48,967
Hazardous, tire, freon, e-waste and white goods disposal	28,371
Advertising	1,372
Dues and subscriptions	819
Miscellaneous	6,106
Depreciation	<u>381,817</u>
Total operating expenses	<u>939,168</u>
Operating income	373,721
Non-Operating Revenues (Expenses)	
Gain on disposal of assets	10,742
Interest income	27,737
Interest expense	(20,716)
Debt issue costs	(21,716)
Total non-operating revenues (expenses)	<u>(3,953)</u>
Change in net position	369,768
Net position beginning of year	<u>2,126,833</u>
Net position end of year	<u>\$ 2,496,601</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year with an increase in net position at the end of the fiscal year.

In fiscal year 2021, operating revenues increased 16.2%, or \$183,122 from fiscal year 2020 to fiscal year 2021. Operating expenses decreased 17.8% or \$203,757, from fiscal year 2020 to fiscal year 2021.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes tipping fees and assessments reduced by payments to employees and to suppliers. Cash used in capital and related financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes the purchase of certificates of deposits and interest received.

CAPITAL ASSETS

At June 30, 2021 the Commission had \$3,169,025 invested in capital assets, net of accumulated depreciation. Depreciation charges totaled \$381,817 for fiscal year 2021. More detailed information about the Commission's capital assets are presented in Note 4 to the financial statements.

LONG-TERM DEBT

At June 30, 2021, the Commission had \$900,000 in long-term debt outstanding, a decrease of \$125,000 from 2020. The decrease is related to the required principal payments and refunding of debt. More detailed information about the Commission's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS

Harrison County Landfill Commission continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the State of Iowa continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities at the Commission require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an on-going challenge to maintain up-to-date technology at a reasonable costs.
- Annual deposits required to be made to closure and postclosure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- Continued Iowa Department of Natural Resources' regulatory changes in permit compliance.

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) a pandemic. The extent to which COVID-19 will impact operations of the Commission in the future will depend upon a number of highly uncertain factors, such as duration of the COVID-19, the actions taken to mitigate COVID-19, and the impact of these factors on the economy and financial markets.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Harrison County Landfill Commission, 2812 East Hwy. 30, Logan, Iowa 51546.

Harrison County Landfill Commission

Statement of Net Position

June 30, 2021

Assets and Deferred Outflows of Resources

Current assets:	
Cash and cash equivalents	\$ 896,163
Cash and cash equivalents- restricted	37,582
Certificates of deposit	210,255
Receivables:	
Accounts receivable	59,753
Accrued interest	22,608
Prepaid insurance	<u>23,316</u>
Total current assets	1,249,677
Restricted assets:	
Certificates of deposit - closure and postclosure care	1,593,988
Capital assets:	
Depreciable capital assets, net	<u>3,169,025</u>
Total assets	6,012,690
Deferred outflows of resources:	
Pension related deferred outflows	<u>55,018</u>
Total assets and deferred outflows of resources	<u>\$ 6,067,708</u>

The accompanying notes are an integral part of these statements.

Liabilities, Deferred Inflows of Resources and Net Position

Current liabilities:

Current maturities of note payable	\$ 95,073
Accounts payables	23,608
Salaries and benefits payable	12,627
Compensated absences	30,807
Accrued interest	<u>4,617</u>
Total current liabilities	166,732

Noncurrent liabilities:

Note payable, less current maturities	850,163
Net pension liability	228,804
Estimated liability for landfill closure and postclosure care costs	<u>2,319,355</u>
Total noncurrent liabilities	<u>3,398,322</u>

Total liabilities	3,565,054
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Deferred inflows of resources:

Pension related deferred inflows	6,053
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Net position:

Invested in capital assets, net of related debt	2,223,789
Restricted for:	
Tonnage fees retained	37,582
Closure and postclosure care	(725,367)
Unrestricted	<u>960,597</u>
Total net position	<u>2,496,601</u>

Total liabilities, deferred inflows of resources and net position	<u>\$ 6,067,708</u>
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Harrison County Landfill Commission

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2021

Operating revenues:	
Tipping fees	\$ 792,369
County and city assessments	373,275
Other	<u>147,245</u>
Total operating revenues	1,312,889
Operating expenses:	
Payroll expenses	319,023
Employee benefits	58,374
Machinery maintenance, labor and parts	49,093
Oil and gas	42,234
Long range planning and engineering services	12,368
Site maintenance	23,037
Site utilities	10,254
Supplies	4,125
Office expenses	3,958
Meetings, travel and training	1,989
Legal and accounting	10,360
Insurance	28,622
Closure and postclosure care	(143,086)
Recycling expenses	2,956
Tonnage fee	11,212
Iowa Department of Natural Resources tonnage fees	37,197
Water test samples	48,967
Hazardous, tire, freon, e-waste and white goods disposal	28,371
Advertising	1,372
Dues and subscriptions	819
Miscellaneous	6,106
Depreciation	<u>381,817</u>
Total operating expenses	<u>939,168</u>
Operating income	373,721
Non-operating revenues (expenses):	
Gain on disposal of assets	10,742
Interest income	27,737
Interest expense	(20,716)
Debt issue costs	(21,716)
Non-operating revenues (expenses), net	<u>(3,953)</u>
Change in net position	369,768
Net position beginning of year	<u>2,126,833</u>
Net position end of year	<u>\$ 2,496,601</u>

The accompanying notes are an integral part of these statements.

Harrison County Landfill Commission

Statement of Cash Flows

Year ended June 30, 2021

Cash flows from operating activities:	
Cash received from tipping fees	\$ 788,588
Cash received from assessments	386,054
Cash received from other income	147,245
Cash payments to suppliers for goods and services	(365,576)
Cash paid to employees for services	(345,337)
Net cash provided by operating activities	<u>610,974</u>
Cash flows from capital and related financing activities:	
Principal payments on notes payable	(100,000)
Interest payments on notes payable	(20,125)
Capital expenditures	(893,051)
Proceeds from disposal of capital assets	<u>17,400</u>
Net cash used in capital and related financing activities	(995,776)
Cash flows from investing activities:	
Interest received	13,240
Proceeds from certificates of deposit	<u>291,468</u>
Net cash provided by investing activities	<u>304,708</u>
Net decrease in cash and cash equivalents	(80,094)
Cash and cash equivalents at beginning of year	<u>1,013,839</u>
Cash and cash equivalents at end of year	<u>\$ 933,745</u>
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and cash equivalents in current assets	\$ 896,163
Cash and cash equivalents in restricted assets	<u>37,582</u>
Total cash and cash equivalents	<u>\$ 933,745</u>

(continued next page)

Harrison County Landfill Commission

Statement of Cash Flows - continued

Year ended June 30, 2021

Reconciliation of operating income to net cash
provided by operating activities:

Operating income	\$ 373,721
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	381,817
Changes in assets and liabilities:	
Increase in accounts receivable	(3,781)
Decrease in due from other governments	12,779
Decrease in prepaid insurance	1,320
Decrease in deferred outflows of resources	1,309
Increase in accounts payable, trade	8,972
Increase in salaries and benefits payable	3,815
Decrease in compensated absences	(30,129)
Decrease in due to other governments	(10,031)
Decrease in closure and postclosure care	(143,086)
Increase in net pension liability	37,040
Decrease in deferred inflows of resources	(22,772)
Total adjustments	<u>237,253</u>

Net cash provided by operating activities \$ 610,974

Non-Cash Transactions:

The Commission also incurred the following non-cash transactions in addition to the transactions reflected in the reconciliation of operating income to net cash provided by operating activities:

Refunding debt issued	\$ 900,000
Refunding debt premium	46,716
Refunding debt paid-off	925,000
Refunding debt issue costs	21,716
Book value of traded asset	6,658

The accompanying notes are an integral part of these statements.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Harrison County Landfill Commission is a public commission governed under the joint form of municipal government authorized by Chapter 28E of the Code of Iowa; a political subdivision of the State of Iowa. As such, the Commission is exempt from federal and state income taxes. The Commission is not required to adopt a legal budget. The purpose of the Commission is to operate the sanitary landfill for Harrison County, Iowa, and the municipalities therein.

The Commission is composed of one representative from each of the ten member cities and one representative from Harrison County. The member cities are: Missouri Valley, Logan, Dunlap, Magnolia, Woodbine, Modale, Little Sioux, Mondamin, Pisgah, and Persia.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Harrison County Landfill Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

The Statement of Net Position presents the Harrison County Landfill Commission's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Cash Equivalents - The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Restricted Assets - Funds set aside for payment of closure and postclosure care and unspent solid waste tonnage fees are classified as restricted.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of one year:

Asset Class

Landfill	\$	25,000
Building improvements		10,000
Equipment and vehicles		1,000

Capital assets excluding the landfill of the Commission are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Equipment and vehicles	5-20

The landfill is depreciated based on tonnage capacity calculated by the Commission's engineer.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Commission after the measurement date but before the end of the Commission's reporting period.

Compensated Absences - Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Commission's liability for accumulated vacation, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2021.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Accounts Receivable and Allowance - Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable at the end of the fiscal year. The allowance for doubtful accounts at June 30, 2021 was \$ - 0 - .

NOTE 2 - CASH AND INVESTMENTS

The Commission's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk. As a means of limiting its exposure to interest rate risk, the Commission diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Commission coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. The Commission does not have a formal policy that limits investment maturities as a means of managing its exposure.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 3 - CLOSURE AND POSTCLOSURE CARE

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure.

Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills which receive waste after October 9, 1993.

State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period.

Estimated total costs consist of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Harrison County Landfill Commission have been estimated at \$1,755,815 for closure and \$1,020,721 for postclosure, for a total of \$2,776,536 as of June 30, 2021. The portion of the liability that has been recognized is \$2,319,355. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2021. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Based on constructed volume as of June 30, 2021, the estimated remaining life of the landfill is approximately 9 years and the capacity used at June 30, 2021 is approximately 88%.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and postclosure care accounts to accumulate resources for the payment of closure and postclosure care costs. The Commission has begun to accumulate resources to fund these costs and, at June 30, 2021, assets of \$1,593,988 are restricted for these purposes. They are reported as restricted assets on the Statement of Net Position.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 3 - CLOSURE AND POSTCLOSURE CARE - Continued

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and postclosure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission obtained a local government guaranty from Harrison County on March 10, 2010 for the purpose of financing the postclosure costs of the landfill.

Chapter 567-113.14(6)(h) of the IAC allows a landfill to choose the local government guarantee to demonstrate financial assurance. The guarantee must be a written guarantee jointly provided by the members of the 28E organization.

The Commission participates in an agreement with the Harrison County Board of Supervisors. The County has provided a Local Government Guarantee for the closure and postclosure costs of the landfill as per Chapter 111.6(8) of the Iowa Administrative Code. The total financial assurance obligation at June 30, 2021 equals \$2,776,536. The County's portion of the total financial assurance obligation at June 30, 2021 equals \$1,182,548. The Commission is responsible for financing the remainder of the financial assurance obligation.

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2021 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Construction in progress	\$ 180,161	\$ 854,355	\$ 1,034,516	\$ --
Capital Assets Being Depreciated:				
Landfill	970,000	1,034,516	--	2,004,516
Buildings	1,527,572	--	--	1,527,572
Machinery and equipment	1,994,082	38,696	9,672	2,023,106
Total Capital Assets Being Depreciated	4,491,654	1,073,212	9,672	5,555,194
Less Accumulated Depreciation for:				
Landfill	968,925	157,312	--	1,126,237
Buildings	207,653	41,171	--	248,824
Machinery and equipment	830,788	183,334	3,014	1,011,108
Total accumulated depreciation	2,007,366	381,817	3,014	2,386,169
Total Capital Assets Being Depreciated, Net	2,484,288	691,395	6,658	3,169,025
Total Capital Assets, Net	\$ 2,664,449	\$ 1,545,750	\$ 1,041,174	\$ 3,169,025

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 5 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 5 - PENSION PLAN - Continued

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Commission contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Commission's contributions to IPERS for the year ended June 30, 2021 were \$23,364.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the Commission had a liability of \$228,804 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Commission's proportion was 0.003257%, which was a decrease of 0.000055% from its proportion measured as of June 30, 2019.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 5 - PENSION PLAN - Continued

For the year ended June 30, 2021, the Commission recognized pension expense of \$15,577. At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 253	\$ 5,423
Changes of assumptions	11,744	--
Net difference between projected and actual earnings on IPERS investments	12,862	--
Changes in proportion and differences between Commission contributions and proportionate share of contributions	6,795	630
Commission contributions subsequent to the measurement date	<u>23,364</u>	<u>--</u>
Total	<u>\$ 55,018</u>	<u>\$ 6,053</u>

The \$23,364 reported as deferred outflows of resources related to pensions resulting from the Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	\$ 7,476
2023	6,019
2024	4,715
2025	7,511
2026	<u>(120)</u>
	<u>\$ 25,601</u>

There were no non-employer contributing entities to IPERS.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 5 - PENSION PLAN - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100%</u>	

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 5 - PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Commission's proportionate share of the net pension liability	\$ 381,511	\$ 228,804	\$ 100,761

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2021, the Commission reported payables to IPERS of \$2,604 for legally required Commission contributions and \$1,735 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

NOTE 6 - RISK MANAGEMENT

The Commission is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 785 members include various governmental entities throughout the State of Iowa. The Pool was formed in August, 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 6 - RISK MANAGEMENT - Continued

Each members' annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Commission's contribution to the Pool for the year ended June 30, 2021 was \$20,089.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of the risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2021, no liability has been recorded in the Commission's financial statements. As of June 30, 2021, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 6 - RISK MANAGEMENT - Continued

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers' compensation and employee blanket bond in the amount of \$1,000,000 and \$250,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 7 - LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended June 30, 2021 are summarized as follows:

	<u>6-30-2020</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6-30-2021</u> <u>Balance</u>	<u>Due Within</u> <u>1 Year</u>
General Obligation Capital					
Loan Notes	\$ 1,025,000	\$ 900,000	\$ 1,025,000	\$ 900,000	\$ 90,000
Debt Premium	--	46,716	1,480	45,236	5,073
Net Pension Liability	191,764	37,040	--	228,804	--
Estimated Liability for Landfill Closure and Postclosure Care	<u>2,462,441</u>	<u>--</u>	<u>143,086</u>	<u>2,319,355</u>	<u>--</u>
Total	<u>\$ 3,679,205</u>	<u>\$ 983,756</u>	<u>\$ 1,169,566</u>	<u>\$ 3,493,395</u>	<u>\$ 95,073</u>

General Obligation Capital Loan Notes

The Commission entered into a note payable with Harrison County, who acted as the issuer, for the General Obligation Capital Loan Notes, Series 2016A in the aggregate principal amount of \$1,445,000, dated February 11, 2016. The notes were current refunded by the Series 2021A General Obligation Capital Loan Notes on March 11, 2021.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 7 - LONG-TERM LIABILITIES - Continued

Series 2021A General Obligation Capital Loan Notes

The Series 2021A General Obligation Capital Loan Notes were issued to current refund the Series 2016A General Obligation Capital Loan Notes. The note is due to Harrison County, who acted as the issuer. Annual principal payments, ranging from \$90,000 to \$105,000, are due beginning June 1, 2022. Interest payments are due semi-annually each June and December, beginning December, 2021. Interest rates vary between 0.80% and 2.00% over the life of the note. The note will mature June, 2030. The balance at June 30, 2021 was \$900,000.

The following is a schedule of future payments to be made concerning long-term debt at June 30, 2021.

<u>Year Ending June 30,</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	2.00%	\$ 90,000	\$ 19,177	\$ 109,177
2023	2.00%	95,000	13,890	108,890
2024	2.00%	100,000	11,990	111,990
2025	2.00%	100,000	9,990	109,990
2026	2.00%	105,000	7,990	112,990
2027-2030	0.80%-2.00%	<u>410,000</u>	<u>12,720</u>	<u>422,720</u>
Total		<u>\$ 900,000</u>	<u>\$ 75,757</u>	<u>\$ 975,757</u>

Current Refunding of Debt

On March 11, 2021, Harrison County, on behalf of Harrison County Landfill Commission, issued \$900,000 of General Obligation Capital Loan Notes, Series 2021A, with interest rates ranging from 0.80% to 2.00% to current refund \$1,025,000 of outstanding 2016A Series General Obligation Capital Loan Notes. The net proceeds of \$925,000 (including \$46,716 of premium, less \$21,716 in underwriting fees, insurance, and other issuance costs) plus an additional \$107,938 of Commission funds were used to defease the old debt.

The Commission completed the current refunding to reduce its total debt service payments over the next 9 years by \$191,952 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$88,964.

NOTE 8 - SOLID WASTE TONNAGE FEES RETAINED

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa. At June 30, 2021, the unspent tonnage fees retained by the Commission and restricted for the required purposes totaled \$37,582.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The Commission operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the Commission and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>4</u>
Total	<u><u>4</u></u>

Net OPEB Obligation: Management of the Commission considers any OPEB obligation, which may exist, to be immaterial. No liability has been recorded.

NOTE 10 - CHANGE IN ACCOUNTING ESTIMATE

As a result of the opening of a new landfill cell and updated cost estimates of closure and postclosure care costs, the Commission has revised its estimate of its estimated liability for landfill closure and postclosure care costs. The result of this change in estimate (A \$226,084 decrease in liability and decrease in operating expense) has been reported as part of closure and postclosure care expense on the statement of revenues, expenses and changes in net position.

HARRISON COUNTY LANDFILL COMMISSION

Notes to Financial Statements

June 30, 2021

NOTE 11 - COVID-19

In March, 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including that of the Commission, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the Commission. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the Commission.

NOTE 12 - SUBSEQUENT EVENTS

The Commission has evaluated all subsequent events through November 23, 2021, the date the financial statements were available to be issued.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

HARRISON COUNTY LANDFILL COMMISSION

Schedule of the Commission's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System For the Last Seven Years*

Required Supplementary Information

	<u>2021</u>	<u>2020</u>
Commission's proportion of the net pension liability	0.003257%	0.003312%
Commission's proportionate share of the net pension liability	\$ 228,804	\$ 191,764
Commission's covered payroll	\$ 248,674	\$ 252,026
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	92.01%	76.09%
IPERS net position as a percentage of the total pension liability	82.90%	85.45%

* - In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

See accompanying independent auditor's report.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.003244%	0.003225%	0.002845%	0.002795%	0.002794%
\$ 205,285	\$ 214,813	\$ 179,013	\$ 138,949	\$ 113,096
\$ 243,605	\$ 240,717	\$ 204,131	\$ 192,679	\$ 186,603
84.27%	89.24%	87.70%	72.11%	60.61%
83.62%	82.21%	81.82%	85.19%	87.61%

HARRISON COUNTY LANDFILL COMMISSION

Schedule of Commission Contributions

Iowa Public Employees' Retirement System Last Ten Fiscal Years

Required Supplementary Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 23,364	\$ 23,475	\$ 23,791	\$ 21,754
Contributions in relation to the statutorily required contribution	<u>(23,364)</u>	<u>(23,475)</u>	<u>(23,791)</u>	<u>(21,754)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Commission's covered payroll	\$ 247,500	\$ 248,674	\$ 252,026	\$ 243,605
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

See accompanying independent auditor's report.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 21,496	\$ 18,229	\$ 17,206	\$ 16,664	\$ 15,166	\$ 13,491
<u>(21,496)</u>	<u>(18,229)</u>	<u>(17,206)</u>	<u>(16,664)</u>	<u>(15,166)</u>	<u>(13,491)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 240,717	\$ 204,131	\$ 192,679	\$ 186,603	\$ 174,925	\$ 167,175
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

HARRISON COUNTY LANDFILL COMMISSION

Notes to Required Supplementary Information - Pension Liability Year Ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members of the Harrison County
Landfill Commission

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Harrison County Landfill Commission as of and for the year ended June 30, 2021, and the related notes to financial statements which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harrison County Landfill Commission's internal control over financial reporting as a basis for determining the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harrison County Landfill Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Harrison County Landfill Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 21-I-A.

To the Members of the Harrison County
Landfill Commission

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harrison County Landfill Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards. However, we noted a certain immaterial instance of non-compliance or other matter which is described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Responses to Findings

Harrison County Landfill Commission's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Harrison County Landfill Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James W. Hill, Ben, Kyhn & Co. P.C.

Atlantic, Iowa
November 23, 2021

Harrison County Landfill Commission

Schedule of Findings and Responses

Year ended June 30, 2021

PART I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INTERNAL CONTROL DEFICIENCIES

21-I-A Segregation of Duties:

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from staff error or dishonesty and maximizes the accuracy of the Commission's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The Commission has a limited number of staff which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the Commission's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by staff in the normal course of performing their assigned functions.

Recommendation: We recognize that it may not be economically feasible for the Commission to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Board be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Board is aware of this lack of segregation of duties, but it is not economically feasible for the Commission to employ additional personnel for this reason. The Board will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

* * *

Harrison County Landfill Commission

Schedule of Findings and Responses

Year ended June 30, 2021

PART II - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

21-II-A Questionable Expenses: No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

21-II-B Travel Expense: No expenditures of Commission money for travel expenses of spouses of Commission officials or employees were noted.

21-II-C Restricted Donor Activity: No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 65B of the Code of Iowa.

21-II-D Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

The Board went into closed session on August 12, 2020. However, the minutes record did not document the reason for holding the closed session by reference to a specific exemption under Chapter 21.5 of the Code of Iowa, as required by Chapter 21.5(2) of the Code of Iowa, commonly known as the open-meetings law.

Recommendation: The Commission should comply with Chapter 21 of the Code of Iowa and document the required specific information for closed sessions.

Response: We will comply with the Code requirements for closed sessions.

Conclusion: Response accepted.

21-II-E Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa were noted.

21-II-F Solid Waste Tonnage Fees Retained: No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.

Harrison County Landfill Commission

Schedule of Findings and Responses

Year ended June 30, 2021

PART II - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING -
Continued

21-II-G Financial Assurance: The Commission has demonstrated financial assurance for closure and postclosure care by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	<u>Cells 1 & 2</u>	<u>Cell 3</u>	<u>Total</u>
Total estimated costs for closure and postclosure care	\$ 2,238,030	\$ 81,325	\$ 2,319,355
Less: Balance of funds held in the local dedicated fund at June 30, 2020	<u>(1,548,717)</u>	<u>--</u>	<u>(1,548,717)</u>
	689,313	81,325	770,638
Divided by the number of years remaining in the pay-in period	<u>0</u>	<u>9</u>	<u></u>
Required payment into the local dedicated fund for the year ended June 30, 2021	689,313	9,036	698,349
Balance of funds held in the local dedicated fund at June 30, 2020	<u>1,548,717</u>	<u>--</u>	<u>1,548,717</u>
Required balance of funds to be held in the local dedicated fund at June 30, 2021	<u>\$ 2,238,030</u>	<u>\$ 9,036</u>	<u>\$ 2,247,066</u>
Amount Commission has restricted for closure and postclosure care at June 30, 2021	<u>\$ 1,593,988</u>	<u>\$ --</u>	<u>\$ 1,593,988</u>

The Commission has demonstrated financial assurance for closure and postclosure care costs by establishing the Local Government Guarantee mechanism as provided in Chapter 567-113.14(6) of the Iowa Administrative Code.

* * *